

**GASB 34-35 COLLEGE TASK FORCE MEETING**  
**MINUTES**  
February 13, 2002

Attending:

Paul Pendas, Legislative Auditors  
Joseph Thomas, Louisiana Tech  
Tom Cole, Legislative Auditors  
Susie Buchman, LSU Health Science Center  
Art Landry, LSU Health Science Center  
Carl Jones, Northwestern University  
Cathy Trichel, Northwestern University  
Rita Graves, Northwestern University  
Stan Wright, Northwestern University  
Pat Casey, University of New Orleans  
Richard Thompson, University of Louisiana Systems  
Pam Diez, River Parish Community College

Greg Bursavich, LSU  
Joseph Marin, LCTCS  
Beth Sigler, LCTCS  
Donnie Vandal, Board of Regents  
Wendy Simoneaux, Board of Regents  
Tolor White, Southern University  
Howard **Karlton, OSRAP**  
**Afranie Adomako, OSRAP**  
Mark Rhodes, OSRAP

1) Compensated Absences - Calculation and method of presentation

Most of the discussion concerning compensated absences focused on how to calculate the increases and decreases or additions and deductions in compensated absences. It was noted that the footnotes are going to require "beginning balance + additions -deductions = ending balance" for compensated absences.

Maximum liability defined: Upon separation of employment, personnel or their heirs are compensated for up to 300 hours (max hours) of leave. In addition, faculty and administrative/professional personnel or their heirs are compensated for accumulated sick leave not to exceed 200 hours (max hours) upon retirement or death.

It was suggested that leave hours above the maximum liability for the colleges not be included in the calculation for additions and deletions. For instance, Joe Thomas suggested that additions represent:

a) leave earned by new employees, b) salary increases, and c) leave for employees who had less than max hours leave at the beginning of the year who earned additional hours by the end of the year.

Deductions would represent retirees and separations. Employees whose leave balances were greater than the max hours at the beginning of the year, but less than max hours years at the end of the year (not including retirees and terminations) would be netted out with the additions.

Some Task Force members expressed concern that it takes a lot of time and effort to calculate the exact amount of additions and deductions for information that didn't seem too important. It appears that it will be more difficult for some institutions to capture this data than others, depending on the institution's payroll system. Greg mentioned that a presenter from Oklahoma State University, who spoke at the conference in Atlanta, recommended that you figure out a reasonable and acceptable basis for calculating additions or deductions and plug the other number, since you know the beginning and ending balances.

The compensated absence disclosure will not be limited to colleges and universities, so a statewide policy will need to be developed. Afranie said that he was going to contact personnel in state payroll and inquire about UPS capabilities. This topic will be discussed again at the next meeting.

## 2) Capitalization policy on Library Books

After a short discussion the task force agreed that the **useful life for library books would be 5 years.**

## 3) Accounting for inventory as an Auxiliary Enterprise fund

The Task Force discussed whether or not a university could restrict revenues from an auxiliary enterprise. Northwestern was interested in restricting their revenues to be used for replacement of operations in the auxiliary enterprises. Howard thought this would be an internal decision from the university's management.

Also, it was noted that GASB 34 requires the consumption method of accounting for inventory. If a central store is used for purchases of inventory, issues out of the store will be considered "used" for the consumption method of accounting.

## 4) Facilities planning expenditures for capital assets

The main issue concerning this topic was timeliness. When do you start depreciation on a new building, renovation, or project? Previously, it had been decided that a full year of depreciation is taken in the first year the asset is placed in service, but when is the building, project, or renovation complete and who makes the decision? It was suggested that the Office of Facility Planning make the decision of when a building or project is complete, but the Task Force decided against that because Facility Planning would probably not consider it complete until everything was finished. It may be substantially complete (but not completely finished) for months or years before Facility Planning deemed it to be complete.

The Task Force decided to deem a building complete and begin depreciating when it is **occupied and substantially complete**. In the example presented in the meeting, where there was an addition to Tiger Stadium, LSU should start depreciating the addition when it is substantially complete and not wait until it is used for the first time. In

some cases, professional judgment will be involved in determining if a project or renovation is substantially complete.

#### 5) Scholarship allowances and discounting

Carl Jones stated that some of their sister institutions that use SCT software do not store all of the information needed for the alternative method in their account records, but may be in several records on campus. Each campus may have a different alternative model. Their concern is that the Legislative Auditors realize, when setting up their audit programs, that every institution does not have **the same capabilities** and that each institution will not use the alternative method in the same way.

Conclusion: The alternative method will be used and it may vary from institution to institution.

#### 6) Other issues:

Summer school - A member stated that colleges recognize summer school in the next fiscal year, but asked if it was necessary to make an adjustment since the adjustment would not be material. Greg replied that the problem with not making an adjustment is that deferred revenues on the balance sheet will be overstated by half a summer session. This is not in the spirit of **GASB 35**. You can correct this by making a one-time prior period adjustment, increasing your fund balance (representing a half session of summer school) and decrease deferred revenues (representing a half session of summer school). This decrease in deferred revenues will be carried forward each year.

The Task Force wants to avoid counting days if possible. Other circumstances were discussed. For example, many of the students drop classes and some of the tuition is returned or accounts receivable is reduced. Also, there was a concern about reporting this information timely to OSRAP. Paul said that in some instances, where there is a timing issue, the institution may develop an estimation methodology. Support should be provided for the estimation method to show that it is reasonable.

In regards to the issue discussed (BTA - eliminating of internal activities) at the Louisiana Postsecondary Education GASB 34/35 Seminar (January 28-29, 2002) Joe Blythe, with GASB, was contacted and he said that activities between colleges and its auxiliary enterprises were to be eliminated as discussed in the Q & A.

Nichols State University raised a question concerning infrastructure. It appears that NACUBO's infrastructure list does not coincide with **OSRAP's infrastructure list**. Afranie replied that OSRAP's list was just a guide. He is aware that **NACUBO's** infrastructure list was more extensive and stated that OSRAP would probably add more items to their infrastructure list.

Howard was asked if the colleges and universities could have an extension for submitting the Annual Fiscal Report. Howard replied that this would delay OSRAP in

submitting the AFRs to the auditors, but he said that he would discuss it internally and with the auditors.

The next Task Force Meeting is scheduled for February 27, 2002 at 1:30p.m.